

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Grupo Multimedia LLC and Deportes y Musica Comunicaciones LLC)	KQMX(FM), Lost Hills, CA
)	Facility ID No. 166070
)	File No. BTCH-20171120AAK
Application for Consent to Transfer Control of Licenses)	
)	KRPH(FM), Morristown, AZ
)	Facility ID No. 166065
and)	File No. BTCH-20171120AAL
)	
Petition for Declaratory Ruling Under Section 310(b)(4) of the Communications Act of 1934, as Amended)	MB Docket 17-360

DECLARATORY RULING AND MEMORANDUM OPINION AND ORDER

Adopted: May 1, 2018

Released: May 1, 2018

By the Chief, Media Bureau:

I. INTRODUCTION

1. In this *Declaratory Ruling and Memorandum Opinion and Order*,¹ the Media Bureau (Bureau) addresses a petition for declaratory ruling (Petition) filed by Grupo Multimedia LLC (Grupo Multimedia) and Deportes y Musica Comunicaciones LLC (Deportes) (collectively, the Petitioners) on November 20, 2017. Deportes is the licensee of KQMX(FM), Lost Hills, California, and KRPH(FM), Morristown, Arizona (collectively, the Stations).² The Petition asks the Commission to exercise its discretion to permit SMG to exceed the 25 percent foreign indirect ownership benchmark set out in Section 310(b)(4) of the Communications Act of 1934, as amended, (the Act),³ pursuant to Section 310(b)(4) and the Commission's recent *Foreign Ownership Order*.⁴ Petitioners seek authorization for Roberto Medina to transfer his majority interest in Grupo Multimedia to the minority owner, SMG. In addition, we address the above-captioned application seeking Commission consent to the transfer of

¹ Hereinafter referred to as *Declaratory Ruling*.

² Co-Petitioner Grupo Multimedia owns 100 percent of station licensee and Co-Petitioner Deportes. Grupo Multimedia is owned by two members. Roberto Medina holds a 75 percent interest in Grupo Multimedia and SMG-MX, LLC (SMG) holds a 25 percent interest. SMG is a Delaware limited liability company owned by two members, who are citizens of Mexico: Managing Member Juan Carlos Rodriguez (70 percent voting and equity interest) and Francisco Gonzalez (30 percent voting and equity interest).

³ 47 U.S.C. § 310(b)(4) (Section 310(b)(4)).

⁴ *Review of Foreign Ownership Policies for Broadcast, Common Carrier, and Aeronautical Radio Licensees Under Section 310(b)(4) of the Communications Act of 1934, as Amended*, Report and Order, 31 FCC Rcd 11272 (2016) (*Foreign Ownership Order*); see also *Commission Policies and Procedures under Section 310(b)(4) of the Communications Act, Foreign Investment in Broadcast Licensees*, Declaratory Ruling, 28 FCC Rcd 16244 (2013) (*2013 Broadcast Clarification Ruling*).

control (Application) of Grupo Multimedia and Deportes. The Petition and the Application are unopposed. As discussed below, we find that it will serve the public interest to grant the Petition, subject to the conditions specified below, and the Application.

II. BACKGROUND

2. *Foreign Ownership of SMG.* In this case, the Petitioners seek authority for 100 percent foreign ownership of SMG, the proposed 100 percent owner of Grupo Multimedia, U.S. parent company of licensee Deportes. By the proposed transaction, SMG would increase its 25 percent ownership interest in Grupo Multimedia to 100 percent by acquiring the 75 percent ownership interest that Robert Medina currently holds. After the proposed transaction, SMG would hold 100 percent of the direct voting and equity interests in Grupo Multimedia and indirectly in the licensee. Grupo Multimedia would continue to hold 100 percent of the direct voting and equity interest in Deportes.

3. Petitioners assert that grant of the Petition would advance the Commission's public interest goals of encouraging foreign investment and ownership diversity in broadcasting while permitting "Deportes to compete more effectively and better serve the public interest."⁵ Further, the Petitioners explain that the Stations "have been in danger of failing," thus precipitating principal member, Roberto Medina's "desires to transfer" his majority interest to SMG to avoid "depriv[ing] Hispanic listeners of what was always planned to be a valuable additional Spanish language program service in the Stations' respective communities."⁶ In addition, the Petition details the extensive broadcasting experience of SMG Managing Member, Juan Carlos Rodriguez, including his position as President of Univision Deportes since 2012.⁷ The Petitioners state that no national security concerns are implicated by the Petition.

4. *Section 310(b)(4) Standard.* We review the foreign ownership of SMG under Section 310(b)(4) of the Act, which states that "[n]o broadcast ... license shall be granted to or held by ... any corporation directly or indirectly controlled by any other corporation of which more than one-fourth of the capital stock is owned of record or voted by aliens, their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country, if the Commission finds that the public interest will be served by the refusal or revocation of such license."⁸

5. In the *2013 Broadcast Clarification Ruling*, the Commission clarified the policies and procedures for evaluating potential foreign investment in broadcast licensees under Section 310(b)(4) of the Act.⁹ Subsequently, in the recent *Foreign Ownership Order*, the Commission modified the broadcast licensee foreign ownership review process by extending the streamlined rules and procedures developed for review of foreign ownership of common carrier and certain aeronautical licensees under Section 310(b)(4) to the broadcast context, with certain limited exceptions.¹⁰ Further, in evaluating petitions relating to foreign ownership, the Commission affords appropriate deference to the expertise of the Executive Branch agencies on issues related to national security, law enforcement, foreign policy, and

⁵ Petition at 6.

⁶ *Id.* at 2-3.

⁷ *Id.* at 3. According to the Petitioners, Mr. Rodriguez was recognized as one of the top sports executives in the Americas by the Sports Business Journal in 2015. He has also been recognized twice by CableFax as "Most Influential Minorities in Cable" and was named to the Sport Business Journal's "50 Most Influential" list for 2013. Prior to joining Univision Deportes he served as CEO of Televisa Deportes Network.

⁸ 47 U.S.C. § 310(b)(4).

⁹ See *2013 Broadcast Clarification Ruling*, *supra* note 4.

¹⁰ *Foreign Ownership Order*, *supra* note 4.

trade policy.¹¹

6. The Commission has explained that in the context of the Section 310(b)(4) review for broadcast licensees, the 25 percent benchmark “is only a trigger for the exercise of our discretion, which we then exercise based upon a more searching analysis of the circumstances of each case.”¹² Moreover, the *Foreign Ownership Order* expressly provides for processing of petitions involving 100 percent foreign ownership of a broadcast licensee’s parent,¹³ such as here. To exercise in a meaningful way the discretion conferred by statute, the Commission must receive detailed information from the applicant sufficient for the Commission to make the public interest finding the statute requires.¹⁴

III. DISCUSSION

7. *Foreign Ownership Declaratory Ruling.* We find that grant of this unopposed Petition is in the public interest. Specifically, we find that grant of the Petition is likely to: (1) increase the likelihood of continued service to the Stations’ communities by authorizing investment by individuals who are ready, willing, and able to operate the Stations based on their current involvement and extensive broadcasting experience; (2) facilitate foreign investment in the U.S. broadcast radio market; and (3) potentially encourage reciprocal investment opportunities for U.S. companies in Mexico.

8. As stated above, the Petitioners propose 100 percent foreign ownership of SMG, which would be the sole owner of Grupo Multimedia, U.S. parent company of licensee Deportes. Following the procedures outlined in the *2013 Broadcast Clarification Ruling* and *Foreign Ownership Order*, we have consulted with the relevant Executive Branch agencies with expertise on issues related to national security, law enforcement, foreign policy, and trade policy.¹⁵ The Executive Branch agencies have filed a letter with the Commission stating that they have no objection to grant of the requests and have not requested that we impose any conditions on grant.¹⁶

9. Accordingly, upon review of the facts and circumstances set out in the Petition, and pursuant to the procedures adopted in the *Foreign Ownership Order*, we find that the public interest

¹¹ See *2013 Broadcast Clarification Order*, 28 FCC Rcd at 16251, para. 14; *Foreign Ownership Order*, 31 FCC Rcd at 11277, para. 6.

¹² *2013 Broadcast Clarification Order*, 28 FCC Rcd at 16249-50, para. 11. The Commission recognized that “changes have occurred in the media landscape and marketplace since the foreign ownership restriction was enacted and that limited access to capital is a concern in the broadcast industry, especially for small business entities and new entrants, including minorities and women.” *Id.* at 10.

¹³ *Foreign Ownership Order*, 31 FCC Rcd at 11282, para. 15.

¹⁴ *Id.* at 16250, para. 11. Following the issuance of the *2013 Broadcast Clarification Ruling*, the Commission granted a petition for declaratory ruling filed by Pandora Radio LLC, a publicly traded company, to exceed the 25 percent foreign ownership benchmark set out in Section 310(b)(4). *Pandora Radio LLC Petition for Declaratory Ruling Under Section 310(b)(4) of the Communications Act of 1934, as Amended*, Declaratory Ruling, 30 FCC Rcd 5094, 5095-96, para. 4 (2015) (*Pandora Declaratory Ruling*), *recon denied*, 30 FCC Rcd 10570 (2015). Subsequently, the Bureau granted two petitions for declaratory ruling allowing aggregate foreign investment in broadcast licensees of 49 percent, and a petition for declaratory ruling permitting 100 percent foreign ownership of the controlling U.S. parent company of a broadcast licensee. See *Univision Holdings, Inc.*, Declaratory Ruling, 32 FCC Rcd 6 (2017) (*Univision Declaratory Ruling*) (permitting aggregate foreign ownership of 49 percent voting and equity interests); *Hemisphere Media Group, Inc.*, Declaratory Ruling, 32 FCC Rcd 718 (2017) (*Hemisphere Declaratory Ruling*) (permitting up to 49.99 percent aggregate foreign ownership); *Frontier Media*, Memorandum Opinion and Order and Declaratory Ruling, 32 FCC Rcd 1427 (2017) (*Frontier Declaratory Ruling*) (permitting 100 percent foreign ownership of the licensee’s parent company). See also *Corvex Master Fund LP*, Declaratory Ruling, 32 FCC Rcd 1352 (2017) (*Corvex Declaratory Ruling*) (permitting Corvex to increase its non-controlling voting and equity interest in Pandora up to 14.99 percent).

¹⁵ See, e.g., *Pandora Declaratory Ruling*, 30 FCC Rcd at 5096, para. 5.

¹⁶ See Letter from Loyann Egal, Deputy Chief, Foreign Investment Review Staff, National Security Division, U.S. Department of Justice, to Marlene H. Dortch, Secretary, FCC (March 19, 2018) (on file in MB Docket No. 17-360).

would not be served by prohibiting the additional foreign ownership by SMG of Grupo Multimedia, the controlling U.S. parent, in excess of the 25 percent benchmark in Section 310(b)(4) of the Act. Specifically, this *Declaratory Ruling* grants, pursuant to Section 1.5001(i) of the rules, the Petitioners' request for specific approval for 100 percent of the equity and voting interests in SMG to be held by two Mexican citizens: Juan Carlos Rodriguez (70 percent) and Francisco Gonzalez (30 percent).¹⁷

10. **Scope of the Ruling.** This *Declaratory Ruling* covers SMG's U.S.-organized subsidiaries and affiliates, whether existing or formed or acquired subsequently, that are wholly owned and controlled by, or under 100 percent common ownership and control with, SMG, provided that SMG and the subsidiary and/or affiliate remain in compliance with the terms and conditions of this *Declaratory Ruling* and the Commission's rules.¹⁸ The flexibility granted herein reflects the reality that it is not uncommon for companies to make changes within their corporate structure that in no way affect the operation, management, or control of those companies. This flexibility does not detract in any way from the requirement under the Act and our rules to apply for and receive prior Commission consent to a voluntary assignment of license or transfer of control or to seek a new declaratory ruling before its foreign ownership exceeds the terms or conditions of this *Declaratory Ruling*.

11. **Conditions.** We place certain conditions on Deportes and its direct and indirect owners based on the facts on record, the policies set out in the *2013 Broadcast Clarification Ruling*, the *Foreign Ownership Order*, and Sections 1.5000 *et seq.*¹⁹ of the rules adopted therein.²⁰ Specifically, we require SMG to obtain prior Commission approval for any change in its ownership before any individual foreign investor or "group" that is not specifically approved by this *Declaratory Ruling* acquires a direct or indirect voting or equity interest in SMG, whether or not the interest is insulated.²¹ If, at any time, SMG knows, or has reason to know, that it is no longer in compliance with this *Declaratory Ruling*, Section 310(b) of the Act, or the Commission's foreign ownership rules then in effect, it shall file a statement with the Commission explaining the circumstances within 30 days of the date that it knew or had reason to know that it was no longer in compliance and how it intends to correct the overage, either by filing a new petition for declaratory ruling or by reducing the foreign interest.²²

12. **Transfer of Control Application.** Following our routine processing procedures, we have reviewed the subject Application for compliance with the various statutory and regulatory requirements relating to transfer of control applications. Other than the foreign ownership issue addressed above, the record does not raise any issues that might preclude grant. Notably, the Application is unopposed. We conclude that grant of the Application is consistent with the public interest, convenience, and necessity

¹⁷ See 47 CFR § 1.5001(i).

¹⁸ See generally, *Pandora Radio Declaratory Ruling*, 30 FCC Rcd 5094.

¹⁹ See 47 CFR §§ 1.5000 – 1.5004.

²⁰ See generally, *Broadcast Clarification Ruling*, 28 FCC Rcd at 16252, para. 15 ("By their nature, these case-by-case reviews will lead to distinct, factually driven results. Each application or petition will be assessed on its own merits, and we will determine, given the particular circumstances presented in a particular case, whether the public interest would be served by permitting the requested foreign ownership."). This *Declaratory Ruling* is also consistent with the precedent established by the *Pandora*, *Univision*, *Hemisphere*, *Frontier*, and *Corvex Declaratory Rulings*. See *supra* note 14.

²¹ See, e.g., *Pandora Declaratory Ruling*, 30 FCC Rcd at 5101, para. 19.

²² See, e.g., *Pandora Declaratory Ruling*, 30 FCC Rcd at 5103, para. 23. Subsequent actions taken by or on behalf of SMG or the licensees to remedy non-compliance shall not relieve any such entity of the obligation to notify the Commission of the circumstances (including duration) of non-compliance. Any such non-compliance may result in enforcement action by the Commission for such non-compliance, including an order requiring divestiture of the investor's direct and/or indirect interests in such entities.

under Section 310(d) of the Act.²³

IV. ORDERING CLAUSES

13. Accordingly, IT IS ORDERED that, pursuant to Section 310(b)(4) of the Communications Act of 1934, as amended, 47 U.S.C. § 310(b)(4), and pursuant to authority delegated to the Media Bureau in section 0.283 of the Commission's rules, 47 CFR § 0.283, the Petition for Declaratory Ruling filed by Grupo Multimedia and Deportes IS GRANTED to the extent specified in this *Declaratory Ruling* and subject to the conditions specified herein.

14. IT IS FURTHER ORDERED that, pursuant to Section 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. § 310(d), and pursuant to authority delegated to the Media Bureau in section 0.283 of the Commission's rules, 47 CFR § 0.283, the transfer of control application filed by Deportes on November 20, 2017 (File Nos. BTCH-20171120AAK, AAL) IS GRANTED.

15. IT IS FURTHER ORDERED that this *Declaratory Ruling and Memorandum Opinion and Order* SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Albert Shuldiner
Chief, Audio Division
Media Bureau

²³ 47 U.S.C. § 310(d).